

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00
ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00
FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01
PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00
ACDA-07 FEA-01 PA-01 PRS-01 /133 W
-----110736Z 001267 /17

R 101431Z JAN 77
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 8583
AMEMBASSY ABU DHABI
AMEMBASSY ABIDJAN
AMEMBASSY ALGIERS
USINT BAGHDAD
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CARACAS
AMEMBASSY COTONOU
AMEMBASSY DAKAR
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY FREETOWN
AMEMBASSY JIDDA
AMEMBASSY KINSHASA
AMEMBASSY KUWAIT
AMEMBASSY LIBREVILLE
AMEMBASSY LOME
AMEMBASSY LONDON
AMEMBASSY MONROVIA
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
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AMEMBASSY YAOUNDE

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E.O. 11652: N/A
TAGS: ENRG, NI

SUBJECT: NIGERIA SETS NEW POSTED PRICES: NO IMPROVEMENT IN COMPANY
PROFIT MARGINS

REF: LAGOS 147

1. INCREASES IN POSTED PRICES OF VARIOUS EXPORT BLENDS
NIGERIA CURDE OIL FOR FIRST QUARTER 1&77 AS FOLLOWS (PRICES
IN DOLLARS PER BARREL);

- A) BRASS RIVER, 40 TO 44 API, FROM 14.1& TO 15.393;
- B) BONNY LIGHT AND QUA IBOE, 37 API, FROM 14.09 TO 15.291;
- C) ESCRAVOS, 36 API, FROM 14.05 TO 15.257;
- D) PENNINGTON, 34 API, FROM 13.99 TO 15.188;
- E) FORCADOS, 31 API, FROM 13.88 TO 15.029;
- F) BONNY MEDIUM, 21 API, FROM 13.32 TO 14.609.

2; ALL POSTED PRICES EXCEPT BONNY MEDIUM INCREASED IN SUCH A WAY
THAT COMPANIES' TAX PAID COST ROSE SAME AMOUNT AS SALES PRICE.
THUS FMG GETS ENTIRE BENEFIT OF PRICE INCREASE. BONNY MEDIUM POSTED
PRICE RAISED BY LESSER AMOUNT IN ORDER TO SET COMPANY PROFIT MARGIN
AT SEVENTLY CENTS PER BARREL AS IS CASE WITH OTHER CRUDES. IN FOURTH
QUARTER 1976, BONNY MEDIUM POSTED PRICE HAD ALLOWED ONLY SIXTY-FIVE
CENTS PER BARREL MARGIN.

3. COMPANIES THUS GET NO IMPROVEMENT IN PROFIT MARGINS FROM LATEST
PRICE ADJUSTMENT. IN ADDITION, COMPANY OFFICIALS REPORT BEING TOLD
BY DIRECTOR PETROLEUM RESOURCES F.R.A. MARINHO NOT, REPEAT NOT TO
EXPECT ANY ANNOUNCEMENT OF NEW INCENTIVES FOR INVESTMENT IN
EXPLORATION AND DEVELOPMENT FOR AT LEAST NEXT THREE MONTHS IF THAT
SOON. REASON APPARENTLY GIVEN BY MARINHO IS THAT TWO-TIER PRICE
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SYSTEM MAKES IT IMPOSSIBLE FOR TIME BEING FOR COUNTRY LIKE NIGERIA
WHICH SUPPORTED HIGHER PRICE TO GIVE OIL COMPANIES A PROFIT
BREAK. SUCH ACTION WOULD EXPOSE THAT COUNTRY TO CHARGE THAT
EXTRA FIVE PERCENT PRICE HIKE WENT MAINLY INTO POCKETS OF
INTERNATIONAL OIL COMPANIES. COMPANIES CONSIDER THIS MOST
DISCOURAGING NEWS.
EASUM

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 10-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
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Litigation History:
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Reference: 77 LAGOS 147
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 12-Nov-2004 12:00:00 am
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TAGS: ENRG, NI
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Review Markings:
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